

SECRET

Security Information

MEMORANDUM FOR: The Honorable Robert Cutler
Special Assistant to the President

1. The memorandum concerning the proposed transocean cable and radio merger, transmitted by your letter of 14 September 1953, has been carefully studied. The Central Intelligence Agency has a direct and major interest in the security and dependability of communications, particularly transoceanic communications.
2. Generally, any foreign ownership or control of communications facilities presents a threat to the security and dependability of those facilities and consequently to the national defense and security. Similarly, any increase in control or interest by foreign business or financial circles in an American organization creates a potential risk. As an example, an American company faced with a business policy decision between two types of facilities required to meet competition might be informed by the Government that a certain course would promote the national interest. It would probably be inadvisable to give such information concerning the national interest if foreign elements would be in a position to require an explanation. Various Government agencies with an interest in the field of communications do work on a classified basis with American companies, and an intermeshing of foreign interests with such companies might compromise the security information involved.
3. Without taking an unqualified stand against any merger, we believe it is extremely important that the nature and implications of a merger be studied in detail by the interested agencies prior to any approval of the merger or of proposed legislation in connection therewith.

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ALLEN W. DULLES
Director

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